

FINAL

DOWNTOWN LEBANON TIF ADVISORY BOARD
WEDNESDAY, JANUARY 14, 2025 – 6:00PM
Council Chambers – City Hall – or remote via Virtual Platform
MINUTES

TIF MEMBERS PRESENT: Barry Schuster (Chair), George Sykes [6:05pm], Chris Haidari, Peter Owens, Victoria Smith

TIF MEMBERS ABSENT: Tracy Hutchins (Upper Valley Business Alliance)

STAFF PRESENT: Deputy City Manager David Brooks

1. CALL TO ORDER:

The January 14, 2025, Downtown Lebanon TIF Advisory Board Meeting is hereby called to order.

2. APPROVAL OF MINUTES:

A. July 24, 2024

Motion by Peter Owens to approve the minutes of July 24, 2024, as presented. Second by Victoria Smith.

** The Vote on the MOTION was approved (4-0).*

B. December 11, 2024 (Joint Economic Development Commission/Downtown TIF)

Motion by Victoria Smith to approve the minutes of July 24, 2024, as presented. Second by Chris Haidari.

** The Vote on the MOTION was approved (3-0-1, with Mr. Owens abstaining).*

3. NEW BUSINESS:

A. Review and make a recommendation to the City Council and TIF District Administrator regarding the RSA 79-E tax exemption application for 10 Spencer Studios, LLC.

Jennifer Caine, 10 Spencer Studios LLC, explained that the intention is to fully renovate the existing building and create artist studios with two other rentable spaces. The building footprint will not be altered. The application for tax relief includes the proposed benefits to the community in terms of allowing for artist tenants in what seems to be a growing arts district.

Mr. Sykes joined the meeting at 6:05pm.

Ms. Caine explained that art building encourage community and contribute to the vibrancy of the area. This building sits prominently along the rail trail and currently sits abandoned. Renovating and beautifying the building will make it welcoming to the community.

Mr. Brooks explained that this application was presented to the City Council last week on January 8th, and the Council scheduled a public hearing for next week, January 22nd. The TIF District Advisory Board has been asked to review and provide comment on the application. The property sits within the Downtown TIF District. The application materials provided in the agenda packet include cost estimates provided by the contractor. The Building Inspector has reviewed those and confirmed that this project would far exceed that the minimum requirements for a substantial rehabilitation project, which is normally the lesser of 15% of the building's existing value or \$75,000. The current building value is approximately \$263,000 and 15% of that is approximately \$39,000. The proposed renovations are upwards of \$800,000, so the project would be a substantial rehabilitation. At the Council's public hearing, they will confirm whether this is in fact a qualifying structure and a substantial rehabilitation. The Council will determine whether they agree with the proposal includes public benefits and thus consider whether to grant the 79E relief, and, if so, for how long. The current assessed valuation of the building is \$263,800 and the land is assessed at \$263,300 for a total of \$527,000. Based on the 2024 tax rate, the taxes are currently approximately \$13,850, with a City portion of approximately \$5,091. If the building is renovated per plan, the building value could increase to approximately \$690,000. There would be no change to the land value, bringing the total assessed value to \$954,000. This net change of approximately \$426,000 would represent approximately \$11,218 at the current tax rate.

Mr. Brooks explained that there is a revaluation planned for 2025. The Assessor mentioned that commercial building values are currently at around 82% of market value. The existing total value of this property of approximately \$527,000 would equalize to approximately \$640,000 if it were brought up to 100% of market value. The prospective total value of approximately \$954,000, if the renovations happen as proposed, would equalize up to around \$1.16M. The 79E relief would freeze the valuation at the existing value, which is not the equalized value, regardless of any revaluations throughout the City.

Mr. Schuster noted that this is a balance test between the potential loss to the TIF bank account from increased taxes, with the public benefit that arises from the project. Mr. Brooks noted that this also deals with the “but for” test as was described by Councilor Below. But for the 79E relief, if the project does not move forward and the improvements do not happen, the building would continue to deteriorate, presumably, and the value could actually go down.

Ms. Smith stated that the existing building is an eyesore. Mr. Owens stated that this proposal would be a benefit to creating a thriving arts community. The tax benefits will not be fully realized in the first few years, but this is a small price to pay for the payoff down the road, both in terms of cultural and financial benefits for the City.

Ms. Sykes asked about the length of tax relief. Mr. Brooks explained that the applicant's proposal includes five years of the base program plus up to four more years for the historic renovation aspect. There will likely be more discussion on this topic at the Council's public hearing.

Mr. Sykes noted that he is on the Board of Directors for AVA Gallery and Art Center, and he will likely recuse himself from any votes on this project. He noted that this is a wonderful project from an arts community point of view. He struggles with the historic aspect of the additional four year request. Ms. Caine stated that the maximum tax relief possible is requested in order to make this is viable project. It would likely be cheaper to tear down the existing building and replace it with a generic building, but the request is to renovate the unique building in order to maintain a sense of history for the area. The additional tax relief would require certain criteria to be met within the proposed renovations.

Mr. Schuster noted that if any of the building's bricks are Densmore Bricks, this could add to the historic interest. Also, history is relative, and he would love to see the building renovated. Mr. Brooks noted that the age requirement for historic buildings is often 50 years, and this one is approaching 100 years.

Motion by Victoria Smith to recommend the full nine year tax abatement with a stipulation that the additional four years for the historic designation be followed by the Heritage Commission to make sure the historic value is maintained. The Board agrees that the proposed project would enhance the vitality of the Spencer Street area through the proposed renovation and complimentary uses; that this is a culturally and historic important structure; that the proposal preserves and reuses an existing brick building stock; and that it promotes efficiency in the Downtown by being walkable. Second by Peter Owens.

Discussion:

Ms. Haidari stated that she is unclear if the full nine years should be granted based on some people's concerns regarding the City's tax rate. Mr. Schuster explained that the Council discussed that the City is not losing anything from this proposal but is deferring a benefit.

Ms. Caine noted that she plans for the building to include artist mentors and to consider creating a non-profit so emerging artists will have a mandate of contributing to the community. A portion of this space is not really being considered as a business. Mr. Brooks noted that the City will never collect a tax benefit from the renovation if the entire building is made a non-profit. Ms. Caine stated that it is not the intent to become a non-taxable entity.

**** The Vote on the MOTION was approved (2-1-1, with Ms. Haidari against and with Mr. Sykes abstaining).***

B. Update concerning TIF District budget for FY25

Mr. Brooks explained that the City Council made a decision on December 18th to authorize the transfer of \$262,000 from the TIF unassigned fund balance to pay for the debt service of the tunnel improvements. The current balance of the TIF unassigned fund balance is approximately \$1.4M.

Mr. Brooks explained that the Board previously discussed other projects which may dip into the TIF funds. One is the downtown parking lot redevelopment study, and there is currently a purchase order for just over \$300,000. The solar EV charging was also referenced as another project that could use some TIF revenue, but it does not appear this will move forward at this time. Approximately \$11,500 of TIF funds were used last year for the tunnel artwork and there is more ongoing. Regarding the parking lot redevelopment study, which is underway, cost estimates are being sought for some engineering design work. There is a public presentation on the parking lot development study scheduled for February 12th. This will then be presented to the Council in April.

The Board discussed its terms of office. Mr. Brooks stated that those wishing to be reappointed should make their intentions known to the City Council.

4. OTHER BUSINESS

None at this time.

5. ADJOURNMENT

Motion by Peter Owens to adjourn at 7:01PM. Second by Chris Haidari.

** The Vote on the MOTION was approved (5-0).*

Respectfully submitted,
Kristan Patenaude